

October 26, 2004

Also FAX 602-352-2520

J. Tyler Carlson
Regional Manager
Western Area Power Administration
Desert Southwest Region
P. O. Box 6457
Phoenix, AZ 85005-6457

Dear Mr. Carlson

This letter is intended to respond to the letter of September 27, 2004 from the Assistant Regional Manager for Power Marketing, Desert Southwest Customer Service Region, Western Area Power Administration, stating that if no further comments were received, Parker-Davis Project Firm Electric Service Contract Extension Amendments would be offered in executable form within 30 days. The Assistant Regional Manager's letter further stated that previous customer comments to Western indicated that a dialogue between Western and its Parker-Davis Customers has resulted in workable language for Section 12, the section dealing with Western's unilateral right to determine whether to terminate a customer's contract or adjust its allocation of Parker-Davis power based upon certain unspecified events and determinations.

We have stated our deep concerns with the positions espoused by the Assistant Regional Manager for Power Marketing to you and to Western's Administrator in correspondence dated September 14, 2004. We are aware that several representatives of similar districts met with you and Western's Administrator October 18, 2004 to discuss those concerns.

We reiterate our concerns here and our opposition proceeding to confront Parker-Davis customers with executable Parker-Davis contract extensions as currently drafted.

It is our understanding that Electrical District No. 3 and various other Parker-Davis contractors have or will shortly be sending letters that set forth the following positions:

Western should abandon its proposal to force customers to agree to Western having the unilateral right to terminate the power contracts and adjust the power allocation.

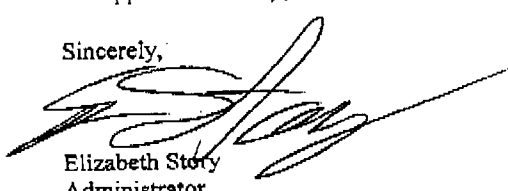
Western's advance funding provisions for existing power customers should remain voluntary.

We share these positions, the detailed rationale for which is set forth in the comments of Electrical District No. 3 and others.

While we are not a Parker-Davis contractor, we are commenting because of our concern that Western's positions in the Parker-Davis contracts may become precedent in future dealings we may have with Western.

We appreciate this opportunity to comment.

Sincerely,



Elizabeth Story
Administrator

cc: Mr. Michael Hacskeylo, Administrator
Western Area Power Administration